

# STEEL MATERIAL STOCKIST AND FABRICATION ABRASION RESISTANCE PT. GIPAN METAL TEKNIK INDONESIA FINANCIAL MANAGEMENT PLANNING

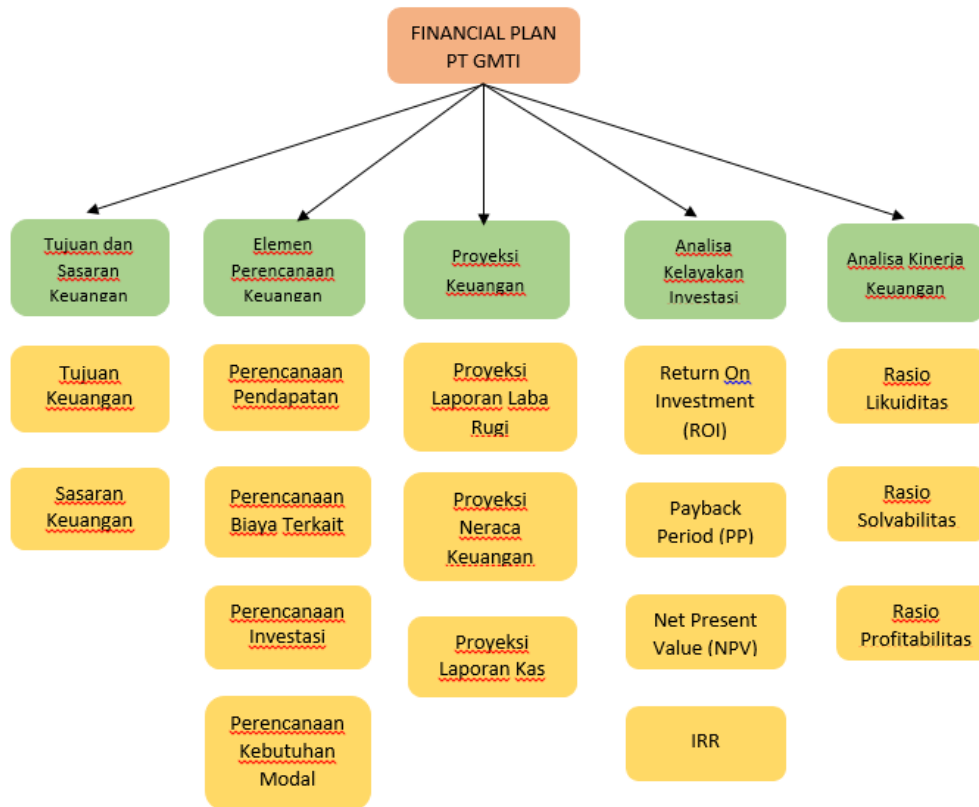
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ARTICLE INFO	ABSTRACT
<p><i>Keywords:</i> Steel Material Stockist, Fabrication Abrasion Resistance, PT. Gipan Metal Teknik, Financial Management Planning</p>	<p>In general, the steel industry in Indonesia typically focuses on either stockist or fabrication. It is quite rare to find steel industries that combine both of these focuses. The establishment of PT Gipan Metal Teknik Indonesia (GMTI) marks a manufacturing company with a vision to become the best provider and fabricator of abrasion-resistant steel materials. Their mission is to prioritize product quality, timely delivery, provide excellent services, and offer customized products. PT GMTI supports end-to-end services in the fabrication process, encompassing design and drawing processes, material selection, plate cutting, fabrication, forming, and machining processes. The capital required for this business is relatively high, making the management of the invested capital crucial for the company's operational activities and overall profitability. The company's future growth depends significantly on how it manages its financial activities. The company derives profit from the difference between the sales of stockist materials and customized fabrication processes and the operational production costs. The objective of this research is to understand the financial planning and management at PT GMTI to determine future development strategies for the company.</p>
<p>E-mail: <a href="mailto:anisyarosalinas@gmail.com">anisyarosalinas@gmail.com</a> <a href="mailto:edi.hamdi@esaunggul.ac.id">edi.hamdi@esaunggul.ac.id</a></p>	<p>Copyright © 2023 Economic Journal. All rights reserved. is Licensed under a Creative Commons Attribution-NonCommercial 4.0 International License (CC BY-NC 4.0)</p>

## 1. INTRODUCTION

In providing the best service to customers, a company must conduct an analysis to assess strengths and weaknesses. Every company should be able to formulate an appropriate strategy and planning to compete in the present and the future. One analysis that a company must undertake is financial planning strategy. Financial planning for a company itself is defined as the process and strategy that a company employs to achieve business goals through financial management. This involves several aspects, such as financial objectives and goals, elements of financial objectives, financial projections, investment feasibility analysis, and financial performance analysis. This process will assist the company in realizing business goals through measurable and efficient steps.



**Figure 1.** Financial Planning Framework

As a manufacturing company, PT. GMTI aligns with the company's vision by planning and managing human resources to produce a workforce of high quality. This workforce is expected to enhance competitiveness in the short, medium, and long terms. The importance of human capital planning lies in improving work productivity, delivering end-to-end professional services, and providing appropriate solutions based on the knowledge and skills possessed by the company's human resources. The objective of human capital planning is to create efficiency and effectiveness in work processes, aiming to increase job satisfaction and employee loyalty. This, in turn, drives the productivity and profitability of the company by boosting sales, improving service quality, and minimizing customer complaints. The goals and objectives of human capital serve as the company's strategy in managing human resources to enhance employee job satisfaction using the skills and knowledge of human resources. This supports the company's long-term business goals. The success of human resource planning depends on the precision of selecting strategies to empower human resources within the organization. It also involves predicting future needs in line with the dynamics of business growth and development.

**Table 1.** PT GMTI Financial Goals and Objectives

CATEGORY	OBJECTIVE	TARGET
<b>Short-term</b> (1 - 2 years old)	Planning the structure capital for business costs. Distribution of finances to all divisions	The company collaborates with investors and banks in meeting capital needs Distribution of finances in accordance with the budget required by each division.
<b>Medium-term</b> (3 - 4 years)	Maintain cash flow so that it is suitable for financing all company obligations and expenses.	Maintain liquidity, solvency, profitability and activity ratios so that they are maintained

CATEGORY	OBJECTIVE	TARGET
	Distribute dividends to shareholders	Distribute dividends to shareholders in the 3rd year
<b>Long-term (≥ 5 years)</b>	Maintain cash flow so that it is suitable for financing all company obligations and expenses Distributing dividends to shareholders	Plan and control the company's cash flow and generate Net Profit > 20%  Financial planning on cash flow and profit and loss by managing and saving retained earnings for investment in new divisions.

## 2. METHOD

### Elements of Financial Planning

In financial planning, there are five components, namely income planning derived from the marketing plan, cost-related planning obtained from the marketing, operations, and human capital plans. Meanwhile, investment planning, capital needs, and financing will be obtained based on the analysis of income and cost-related planning.

#### 1. Income Planning

Income planning is the process of determining the estimated revenue that needs to be achieved in the future, which can be made on a monthly, quarterly, or annual basis. Income planning is influenced by factors such as economic conditions, consumer demographics, competitors, and changes in the company's strategy. PT GMTI's income projection for a 5-year period is IDR 170,155,140,000 billion.

#### 2. Cost-Related Planning

Cost planning is a process of determining the estimated amount of expenses to be incurred in the future. Cost planning is divided into marketing costs, operational costs, human resource costs, risk management costs, and depreciation costs.

#### 3. Marketing Costs:

Marketing costs for PT GMTI consist of various marketing activities conducted by the marketing team.

#### 4. Operational Costs:

Operational costs include pre-operations, asset acquisition costs, and operational expenses.

#### 5. Human Resource Costs:

Human resource costs include salary expenses, allowances, recruitment, and training and development costs.

#### 6. Risk Management Costs:

Costs related to risk management are incurred to anticipate losses due to work errors and natural disasters such as floods, earthquakes, and others, for the maintenance of company assets.

#### 7. Depreciation Costs:

PT GMTI uses the straight-line method for depreciation, which includes machinery, office equipment, vehicles, and so on.

#### 8. Investment Planning:

Investment planning usually consists of capital expenditures. Capital expenditure is the expenditure of capital for the purchase of items that can be used in the long term, such as office equipment, desks, chairs, and vehicles.

#### 9. Capital Needs Planning:

Capital needs planning needs to be calculated to determine the initial capital required to start a business. Capital is divided into two types, cash and human capital. However, in this section, we will discuss cash capital. Cash capital consists of two types: capital expenditure and operating expenditure. Capital expenditure has been discussed in the previous point, while operating expenditure is periodic and is used to fund operational business activities such as building rent and utility costs. The total operating expenditure is derived from the total costs of marketing, operations, and human resources.

The total capital requirement for PT GMTI is IDR 5,006,015,336. The price per share is determined at IDR 2,200, resulting in a total of 10,000,000 shares or 100,000 lots. This share price is obtained using the market multiple method or the peer comparison method, with the industry chosen for comparison being technology companies listed on the IDX. To meet the capital needs, PT GMTI determines a capital structure consisting of 90% equity and 10% bank loans. Investors will be provided with common shares according to their invested amount, resulting in 900,000 lots of shares or IDR 19,800,000,000 as equity. Additionally, a total of IDR 2,200,000,000 or 100,000 lots of shares represents the investor's ownership.

### 3. RESULT AND DISCUSSION

#### Financial Projections

Financial projection is a form of financial planning that allows the company to anticipate possibilities over the next few years. Financial projections typically include income statement projections, balance sheet projections, and cash flow statement projections. PT GMTI's financial projections will be prepared for a five-year period.

#### Income Statement Projection

The income statement projection is created to determine the amount of revenue earned and expenses incurred by the company. This projection enables both the company and investors to assess the efficiency of the company in generating profits.

**Table 2. Profit and Loss**

Keterangan	Year 1	Year 2	Year 3	Year 4	Year 5
Total Pendapatan	17.814.000.000,00	21.673.800.000,00	30.025.500.000,00	41.435.700.000,00	59.206.140.000,00
Total biaya bahan baku	13.160.000.000,00	16.160.000.000,00	21.440.000.000,00	30.560.000.000,00	44.320.000.000,00
<b>Pendapatan kotor</b>	<b>4.654.000.000,00</b>	<b>5.513.800.000,00</b>	<b>8.585.500.000,00</b>	<b>10.875.700.000,00</b>	<b>14.886.140.000,00</b>
<b>Biaya-biaya</b>					
Total Biaya Marketing	282.420.000,00	339.415.000,00	390.328.500,00	460.485.500,00	594.489.900,00
Total Biaya Operasional	2.062.201.804,15	1.282.422.845,26	1.381.380.018,80	1.467.610.224,85	1.626.769.461,35
Total Biaya SDM	2.079.987.880,00	2.284.079.104,00	2.802.989.966,16	3.046.189.828,66	3.633.141.480,09
Total Manajemen Resiko	103.650.000,00	97.250.000,00	106.700.000,00	257.875.000,00	264.600.000,00
<b>Total Biaya-Biaya</b>	<b>4.528.259.684,15</b>	<b>4.003.166.949,26</b>	<b>4.681.398.484,96</b>	<b>5.232.160.553,51</b>	<b>6.119.000.841,44</b>
<b>Earning Before Interest Tat, Depreciation, and Amortization (EBITDA)</b>	<b>125.740.315,85</b>	<b>1.510.633.050,74</b>	<b>3.904.101.515,04</b>	<b>5.643.539.446,49</b>	<b>8.767.139.158,56</b>
Biaya Bunga	239.800.000,00	187.000.000,00	134.200.000,00	81.400.000,00	28.600.000,00
Beban Depresiasi dan Amortisasi	790.950.836,27	551.073.836,27	608.773.836,27	849.138.413,60	913.078.413,60
<b>Earning Before Interest Text (EBIT)</b>	<b>(905.010.520,42)</b>	<b>772.559.214,48</b>	<b>3.161.127.678,77</b>	<b>4.713.001.032,89</b>	<b>7.825.460.744,96</b>
Pajak 30%	(271.503.156,13)	231.767.764,34	948.338.303,63	1.413.900.309,87	2.347.638.223,49
<b>Earning After Tax</b>	<b>(633.507.364,29)</b>	<b>540.791.450,13</b>	<b>2.212.789.375,14</b>	<b>3.299.100.723,03</b>	<b>5.477.822.521,47</b>
<b>Earning Per Share</b>	<b>(633,51)</b>	<b>540,79</b>	<b>2.212,79</b>	<b>3.299,10</b>	<b>5.477,82</b>

#### Balance Sheet Projection

The balance sheet projection is a financial statement that reflects the company's assets and liabilities at the end of the accounting period. The balance sheet projection can be used by both the company and investors to analyze the company's development based on its financial condition. It allows an analysis of the company's ability to leverage debt and settle short-term and long-term obligations. The balance sheet projection for PT GMTI is presented in a tabular form.

**Table 3. Balance Sheet**

PT GMTI Balance Sheet					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Aktiva</b>					
<b>Aktiva Lancar</b>					
Kas & Setara Kas	18.948.188.136	19.470.053.422	21.527.116.634	24.016.595.770	29.403.996.705
<b>Total Aktiva Lancar</b>	<b>18.948.188.136</b>	<b>19.470.053.422</b>	<b>21.527.116.634</b>	<b>24.016.595.770</b>	<b>29.403.996.705</b>
<b>Aktiva Tetap</b>					
Aktiva Tetap	2.769.255.336	2.899.255.336	3.223.755.336	4.442.515.336	5.006.015.336
Akumulasi Penyusutan	790.950.836	1.342.024.673	1.950.798.509	2.799.936.922	3.713.015.336
<b>Total Aktiva Tetap</b>	<b>1.978.304.500</b>	<b>1.557.230.663</b>	<b>1.272.956.827</b>	<b>1.642.578.414</b>	<b>1.293.000.000</b>
<b>Total Aktiva</b>	<b>20.926.492.636</b>	<b>21.027.284.086</b>	<b>22.800.073.461</b>	<b>25.659.174.184</b>	<b>30.696.996.705</b>
<b>Pasiva</b>					
<b>Hutang Lancar</b>					
Hutang Bank	1.760.000.000	1.320.000.000	880.000.000	440.000.000	-
Total Hutang	1.760.000.000	1.320.000.000	880.000.000	440.000.000	-
<b>Modal</b>					
Modal Awal	19.800.000.000	19.800.000.000	19.800.000.000	19.800.000.000	19.800.000.000

Laba (Rugi) ditahan	-	633.507.364	(92.715.914)	2.120.073.461	5.419.174.184
Laba (Rugi) Tahun Berjalan	633.507.364	540.791.450	2.212.789.375	3.299.100.723	5.477.822.521
<b>Total Modal</b>	<b>19.166.492.636</b>	<b>19.707.284.086</b>	<b>21.920.073.461</b>	<b>25.219.174.184</b>	<b>30.696.996.705</b>
<b>Total Pasiva</b>	<b>20.926.492.636</b>	<b>21.027.284.086</b>	<b>22.800.073.461</b>	<b>25.659.174.184</b>	<b>30.696.996.705</b>

**Table 4. Cash Flow**

		PT GMTI Cash Flow				
		Year 1	Year 2	Year 3	Year 4	Year 5
<b>OPERATIONAL</b>						
Collection	Beginning Balance (Modal Disetor)	19.800.000.000	18.948.188.136	19.470.053.422	21.527.116.634	24.016.595.770
	Revenue	4.654.000.000	5.513.800.000	8.585.500.000	10.875.700.000	14.886.140.000
	<b>Total Collection</b>	<b>24.454.000.000</b>	<b>24.461.988.136</b>	<b>28.055.553.422</b>	<b>32.402.816.634</b>	<b>38.902.735.770</b>
Payment Capex	Aset	2.769.255.336	130.000.000	324.500.000	1.218.760.000	563.500.000
	<b>Total Payment</b>	<b>2.769.255.336</b>	<b>130.000.000</b>	<b>324.500.000</b>	<b>1.218.760.000</b>	<b>563.500.000</b>
Payment CoS	Cost of Services	4.528.259.684	4.003.166.949	4.681.398.485	5.232.160.554	6.119.000.841
	Tax Expense	-271.503.156	231.767.764	948.338.304	1.413.900.310	2.347.638.223
	<b>Total Payment</b>	<b>4.256.756.528</b>	<b>4.234.934.714</b>	<b>5.629.736.789</b>	<b>6.646.060.863</b>	<b>8.466.639.065</b>
	<b>Increase (Decrease) in Operating</b>	<b>17.427.988.136</b>	<b>20.097.053.422</b>	<b>22.101.316.634</b>	<b>24.537.995.770</b>	<b>29.872.596.705</b>
<b>INVESTING</b>						
Payment	Machine	0	0	0	0	0
	<b>Total Investing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Increase (Decrease) in Investing</b>	<b>0</b>				
<b>FINANCING</b>						
Loan	Received	2.200.000.000	0	0	0	0
	Installment	440.000.000	440.000.000	440.000.000	440.000.000	440.000.000
	Interest	239.800.000	187.000.000	134.200.000	81.400.000	28.600.000
	<b>Total Loan</b>	<b>1.520.200.000</b>	<b>-627.000.000</b>	<b>-574.200.000</b>	<b>-521.400.000</b>	<b>-468.600.000</b>
	<b>Increase (Decrease) in Financing</b>					
	<b>Net Casf Flow - Increase (Decrease)</b>	<b>18.948.188.136</b>	<b>19.470.053.422</b>	<b>21.527.116.634</b>	<b>24.016.595.770</b>	<b>29.403.996.705</b>

### Investment Feasibility Analysis

Investment feasibility analysis is conducted to assess the prospects of a company. This is crucial for investors to determine whether they should invest in the company or not. The investment feasibility analysis for PT GMTI includes ROI (Return On Investment), NPV (Net Present Value), PP (Payback Period), and IRR (Internal Rate of Return).

#### Return On Investment (ROI)

ROI is used in companies as a measure of management efficiency. This ratio is measured as a percentage. If ROI is negative, investors may reconsider their investment decision as it indicates a loss. A positive ROI, on the other hand, implies profitability. Based on the ROI calculations for PT GMTI over the years, the percentage has consistently been positive, indicating that the company has been profitable.

**Table 5. ROI**

Tahun	1	2	3	4	5
EAT	433,776,767	1,193,228,202	1,956,148,324	2,999,821,248	4,641,361,230
Total Aset	6,933,776,767	8,127,004,970	10,083,153,293	13,082,974,541	17,724,335,772
ROI	<b>6%</b>	<b>15%</b>	<b>19%</b>	<b>23%</b>	<b>26%</b>

#### Net Present Value (NPV)

PT GMTI assesses investment feasibility using the NPV approach, which is calculated as the difference between the present value of the investment and the expected net cash flow from the project or investment in the future or during a specific period.

**Table 6. NPV**

Tahun	Ct	r = 7%	NPV
0	22.000.000.000		
1	18.948.188.136	7%	17.791.725.949
2	19.470.053.422	7%	18.281.740.303
3	21.527.116.634	7%	20.213.255.055
4	24.016.595.770	7%	22.550.794.151
5	29.403.996.705	7%	27.609.386.578

Tahun	Ct	r = 7%	NPV
	<b>Total</b>		<b>106.446.902.036</b>
	<b>CO</b>		<b>22.000.000.000</b>
	<b>NPV</b>		<b>84.446.902.036</b>

### Payback Period

The Payback Period measures the speed of investment returns and is expressed in units of time. Based on calculations by PT GMTI, the payback period or the investment payback period is more than 5 years.

**Table 7. Payback Period**

Tahun	EAT	Akumulasi
1	-633.507.364	-633.507.364
2	540.791.450	-92.715.914
3	2.212.789.375	2.120.073.461
4	3.299.100.723	5.419.174.184
5	5.477.822.521	10.896.996.705
	<b>Investasi Awal</b>	<b>22.000.000.000</b>
	<b>Payback Period</b>	<b>&gt;5y</b>

### Internal Rate of Return (IRR)

IRR calculation serves as a basis for determining the feasibility of an investment. If the IRR calculation is higher than the interest rate, the investment plan can be continued. According to the IRR calculation by PT GMTI, the IRR value is higher than the set interest rate, indicating that the planned investment is expected to generate returns.

**Table 8. IRR**

Tahun	Ct
0	-22.000.000.000
1	18.948.188.136
2	19.470.053.422
3	21.527.116.634
4	24.016.595.770
5	29.403.996.705
<b>IRR</b>	<b>88%</b>

### Liquidity Ratios

Liquidity ratios provide insights into a company's ability to cover its short-term liabilities. The following are the results of the liquidity ratio calculations for PT GMTI. The analysis of Current Ratio, Quick Ratio, Cash Ratio, and Cash Turnover indicates that PT GMTI has the ability to settle its short-term debts from year 1 to year 5.

**Table 9. Liquidity Ratio**

Rasio Likuiditas	Tahun 1	Tahun 2	Tahun 3	Tahun 4	Tahun 5
Current Ratio	10,77	14,75	24,46	54,58	-
Cash Ratio	10,77	14,75	24,46	54,58	-
Quick Ratio	10,77	14,75	24,46	54,58	-

### Solvency Ratios

Solvency ratios measure the extent to which a company's assets are funded by debt. These ratios also gauge a company's ability to pay its obligations in the short or long term. Below are the results of the Debt to Asset Ratio (DAR) and Debt to Equity Ratio (DER) analyses for PT GMTI. The smaller the DAR value, the less debt the company uses to acquire assets. A healthy and good DAR ratio is generally less than one or less than 100%. The higher the DER value, the more the company relies on debt compared to equity. A healthy and safe DER ratio should be less than one or less than 100%. The smaller the DER, the better. The calculation results of DAR and DER for PT GMTI show values less than 100%, indicating that its assets and equity are secure.

**Table 10. Solvency Ratio**

*Steel Material Stockist and Fabrication Abrasion Resistance PT. Gipan Metal Teknik Indonesia  
 Financial Management Planning. Anisya Rosalina Syarifah, et.al*

Rasio Solvabilitas	Tahun 1	Tahun 2	Tahun 3	Tahun 4	Tahun 5
Debt to equity ratio	9%	7%	4%	2%	0%
Debt to asset ratio	8%	6%	4%	2%	0%

#### Profitability Ratios

Based on the Net Profit Margin (NPM) calculations for PT GMTI from year 1 to year 5, the net profit margin percentages are as follows: -14% in year 1, 10% in year 2, 26% in year 3, 30% in year 4, and 37% in year 5. The Gross Profit Margin (GPM) indicates the percentage of sales profit after deducting the cost of goods sold. The higher the GPM value, the smaller the production costs, meaning PT GMTI is more efficient in reducing production costs. The Operating Profit Margin (OPM) provides information that the higher the OPM value, the more capable the company is in minimizing production costs and operating expenses. From year 1 to year 5, the OPM value for PT GMTI is increasing.

**Table 11.** Profitability Ratio

Keterangan	Tahun 1	Tahun 2	Tahun 3	Tahun 4	Tahun 5
Net profit margin	-14%	10%	26%	30%	37%
Return of investment	-3%	2%	10%	15%	25%
Return on asset	-3%	3%	10%	13%	18%

#### Activity Ratios

Activity ratios measure how effectively a company utilizes all its resources. The lower the results, the more it indicates idle funds in the company, meaning the company has not been able to utilize its resources effectively. Based on the results from the table above, the working capital turnover increases each year, indicating that PT GMTI has effectively utilized its assets and capital.

**Table 12.** Activity Ratio

Rasio Aktivitas	Tahun 1	Tahun 2	Tahun 3	Tahun 4	Tahun 5
Receivable Turn Over					
Inventory Turn Over					
Working Capital Turn Over	-3%	3%	10%	13%	18%

#### 4. CONCLUSION

To ensure that the company's activities run as planned, PT GMTI needs to make good financial plans and strategies: Ensure that the performance of each division runs effectively and efficiently. Following market conditions and economic progress to improve product quality and survive in this industry. Building good and efficient cooperative relationships with both internal and external parties. Review whether the services provided to customers are optimal to increase customer satisfaction. Committed to maintaining the quality of ratios in years 1 to 5 as expected, especially items on profitability ratios, namely: Net profit margin -14% 10% 26% 30% 37%, Return on investment -3% 2% 10% 15% 25%, Return on assets -3% 3% 10% 13% 18%. Carry out quality management to improve the company's reputation. The conclusion above highlights the importance of good financial planning and strategy for PT GMTI to ensure the success and growth of the company. Here are some recommendations to implement this plan: Improving Divisional Efficiency and Effectiveness: Regular evaluation and auditing of each division to ensure optimal resource utilization and effective achievement of divisional targets. Market Monitoring and Economic Adaptation: Continuously monitoring market conditions and economic trends to adjust business strategies to enhance product quality and maintain a strong position in the industry. Strengthening Internal and External Collaboration: Focusing on building strong collaborative relationships with both internal (employees) and external parties (business partners, suppliers) to enhance synergy and operational efficiency. Optimizing Customer Service: Committing to providing optimal services to customers, including regularly soliciting customer feedback to enhance satisfaction and retention. Commitment to Desired Financial Ratios: Maintaining commitment to targeted financial ratios such as net profit margin, return on investment, and return on assets. This requires monitoring and corrective action if necessary to achieve the set targets. Quality Management for Company Reputation: Continuous focus on quality management to enhance the company's reputation among customers and other stakeholders. Utilization of Technology and Innovation: Implementing technology and innovation in business processes to improve efficiency, productivity, and the quality of products or services offered. Employee Education and Development: Investing in employee education and development to enhance skills and competencies aligned with industry developments. By considering and implementing the above

recommendations, PT GMTI can strengthen its position in the industry and better address potential challenges that may arise.

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